



# County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

September 4, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:  
LAC+USC MEDICAL CENTER REPLACEMENT PROJECT  
APPROVAL OF REVISED PROJECT BUDGET  
SPECS. 6550; C.P. 70787  
(FIRST DISTRICT) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the revised project budget of \$899,498,218, an increase of \$18,000,000, to account for ongoing resolution of change order requests associated with the work of various subcontractors of McCarthy/Clark/Hunt and other project costs related to the LAC+USC Medical Center Replacement project.
2. Approve the appropriation adjustment to increase appropriation in the LAC+USC Medical Center Replacement project (C.P. 70787) by \$18,000,000 funded by the cancellation of Designation for Capital Projects and Extraordinary Maintenance (3077).

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended action will provide for continued construction of the 600-bed LAC+USC Medical Center Replacement project anticipated to be completed in December 2007.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

On April 10, 2007, your Board approved project change orders that resolved disputed claims associated with the work of one of the first tier subcontractors to McCarthy/Clark/Hunt. In addition, your Board was informed that there remained outstanding pending change order requests associated with the work of various other subcontractors. Further, as a result of additional design and construction difficulties, the construction completion date was revised to December 2007.

Currently, with the total project at 97 percent complete, numerous change order requests have been received, reviewed, and resolved relating to the work of subcontractors of all tiers. As of mid-August, the County has successfully negotiated final change orders, including appropriate releases, with McCarthy/Clark/Hunt relating to subcontractor trades such as poured-in-place and precast concrete, metal decking, concrete masonry, structural steel, shoring engineering, and mechanical/heating, ventilation, and air conditioning.

Based on the number of change order requests that continue to be submitted and the knowledge gained from prior resolved change order requests, we are forecasting a project shortfall of \$18,000,000. It is recommended that your Board approve the requested revised project budget increase in order to continue the project's implementation at this critical stage. As the project construction is completed through the close out of each building, we will continue to communicate with your Board regarding any additional potential claims and change orders that are identified.

#### **FISCAL IMPACT/FINANCING**

The Board-approved project budget totals \$881,498,218. The recommended action will increase the previously approved project budget by \$18,000,000 to a revised total project budget of \$899,498,218.

The attached appropriation adjustment will increase appropriation in the LAC+USC Medical Center Replacement project (C.P. 70787), funded by Designation for Capital Projects and Extraordinary Maintenance net County cost, to correctly account for ongoing resolution of change order requests associated with the work of various subcontractors of McCarthy/Clark/Hunt, and other project costs related to the completion of the project. Upon your Board's approval of the attached appropriation adjustment, sufficient appropriation will be allocated to this project in the 2007-08 Adopted Capital Projects/Refurbishments Budget.

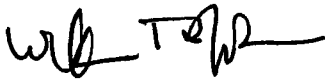
We have reviewed this recommendation with the Project Advisory Committee.

The Honorable Board of Supervisors  
September 4, 2007  
Page 3

**CONCLUSION**

Upon approval of the recommendations, please forward an adopted, stamped copy of the Board letter to my office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W T Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF: DLW:DL  
JSE:DJT:DKM:mc

Attachment

c: County Counsel  
Auditor-Controller  
Department of Health Services  
Department of Public Works  
Project Advisory Committee

## COUNTY OF LOS ANGELES

## REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF **Public Works**DEPT'S.  
No. 060

8/16 2007

## AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2007-08

4 3 - VOTES

SOURCESUSESSee Attached *1-1/2*

SUMMARY TOTAL \$36,000,000

SUMMARY TOTAL \$36,000,000

JUSTIFICATION

## JUSTIFICATION:

This adjustment is necessary to transfer appropriation and net County cost to the Capital Projects/Refurbishment Budget to augment the appropriation for the LAC+USC Medical Center Replacement Project (CP No. 70787) to correctly account for continual resolution of subcontractor claims, change orders and other project costs related to the completion of the project.

*W. Kikbawg* ✓

## CHIEF EXECUTIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR --

ACTION

RECOMMENDATION

AUDITOR-CONTROLLER

BY

*Nick Lopez*

NO.

015

AUG 21

20 07

APPROVED AS REQUESTED

AS REVISED

Aug 22 2007 20

CHIEF EXECUTIVE OFFICER

APPROVED (AS REVISED):  
BOARD OF SUPERVISORS

20

BY

DEPUTY COUNTY CLERK

September 4, 2007

**DEPARTMENT OF PUBLIC WORKS:  
LAC+USC MEDICAL CENTER REPLACEMENT PROJECT  
APPROVAL OF REVISED PROJECT BUDGET  
SPECS. 6550; C.P. 70787**

**APPROPRIATION ADJUSTMENT**

**FY 2007-08**

**(4 – VOTES)**

**FINANCIAL SOURCES**

General Fund  
A01 - 3077  
Des for CP and Extraord Maint  
\$18,000,000 Cancel Designation

Capital Projects/Refurbishments  
LAC+USC Medical Center Repl Proj  
Operating Transfers In/CP  
J17 – CP – 96 – 9919 - 65038 – 70787  
\$18,000,000 Increase Revenue

**FINANCIAL USES**

Ent-Sub LAC+USC Repl Project  
A01 – AC – 6100 – 21000 – 21238  
Operating Transfers Out  
\$18,000,000 Increase Appropriation

Capital Projects/Refurbishments  
LAC+USC Medical Center Repl Proj  
Fixed Assets – Building and Improvements  
J17 – CP – 6014 - 65038 – 70787  
\$18,000,000 Increase Appropriation

**JUSTIFICATION:**

This adjustment is necessary to transfer appropriation and net County cost to the Capital Projects/Refurbishment Budget to augment the appropriation for the LAC+USC Medical Center Replacement Project (CP No. 70787) to correctly account for ongoing resolution of change order requests associated with the work of various subcontractors of McCarthy/Clark/Hunt and other project costs related to the completion of the project.